

Gamma-Q, LLC  
1500 Lakeshore Drive, Suite 450  
Columbus, Ohio 43204  
Telephone: (614) 487-0117  
Email: [zyurch@breckhurst.com](mailto:zyurch@breckhurst.com)  
<http://www.gammaq.com>  
March 22, 2017

**This brochure provides information about the qualifications and business practices of Gamma-Q, LLC. If you have any questions about the contents of this brochure, please contact us at (614) 487-0117 or [zyurch@breckhurst.com](mailto:zyurch@breckhurst.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Gamma-Q, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration does not imply a certain level of skill or training.**

## **Item 2 – Material Changes**

Since our initial Brochure dated March 1, 2016, we have no material changes. We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Our Brochure may be requested by contacting us at our main number above.

Additional information about Gamma-Q, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website provides information about any persons affiliated with Gamma-Q, LLC who are registered, or are required to be registered, as investment adviser representatives of Gamma-Q, LLC.

## **Item 3 – Table of Contents**

Item 1 - Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents.....	2
Item 4 – Advisory Business .....	3
Item 5 – Fees and Compensation .....	3
Item 6 – Performance-Based Fees and Side-By-Side Management .....	4
Item 7 – Types of Clients.....	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	5
Item 9 – Disciplinary Information .....	14
Item 10 – Other Financial Industry Activities and Affiliations .....	15
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	15
Item 12 – Brokerage Practices .....	16
Item 13 – Review of Accounts.....	17
Item 14 – Client Referrals and Other Compensation.....	17
Item 15 – Custody .....	17
Item 16 – Investment Discretion.....	17
Item 17 – Voting Client Securities.....	18
Item 18 – Financial Information .....	18

#### **Item 4 – Advisory Business**

Gamma-Q, LLC (“Gamma-Q” or the “Firm”) was established in 2006 and applied to be an Investment Adviser in 2015. The four principal owners of Gamma-Q, LLC are Todd Delay, Sue Delay, David Allain and Zachariah Yurch. Each member owns 25% of Gamma-Q, LLC.

Gamma-Q provides advisory services on a discretionary basis to commodity pools and separate managed accounts in regards to the portion of assets in the area of commodities (including commodity securities). The types of instruments in which the Advisor may invest or trade include U.S. and non-U.S. futures, futures options, fixed income, energy futures, financial futures, commodities, including taking physical delivery, non-U.S. currencies, derivative securities and swaps, securities, non-exchange traded instruments and any other form of investment product or market as the Firm may determine from time to time in their sole discretion. Item 8 below more fully describes our investment strategies. Through personal discussions in which goals and objectives based upon the client’s objectives are established, the firm and client will determine if the advisors trading strategy matches the client’s investment objective and manage the portfolio according to the criteria.

In general, Gamma-Q provides investment advisory services to pooled investment vehicles. Gamma-Q’s services to the pooled vehicles are provided pursuant to the terms of the relevant offering memorandum. Investors in the Investment Funds cannot obtain services tailored to their specific needs. However, Gamma-Q does provide investment advisory services to separately managed accounts (“Managed Accounts” or “Separate Accounts”). Gamma-Q’s investment advisory services to its Separate Account clients are customized based on the specific needs of each Separate Account client. Managed accounts have the ability to impose reasonable restrictions on the management of his/her account, including the designation of particular commodities or types of commodities that should not be purchased for the account, or that should be sold if held in the account. If a client’s instructions are unreasonable or an Investment Advisor Representative believes that the instructions are inappropriate for the client, the Firm will notify the client that, unless the instructions are modified, it may cancel the instructions in the client’s account.

Gamma-Q does not offer a wrap fee program. Gamma-Q fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by Introducing Brokers, exchange fees and other third parties such as transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

As of December 31, 2016, the firm had \$25,500,000 under management on a discretionary basis.

#### **Item 5 – Fees and Compensation**

The Firm shall receive an annual management fee (“Management Fee”) equal to 2% of the month-end balance attributable to each client’s account, payable in installments of 1/12th of 2% monthly in arrears (account balances, for such purposes, are calculated prior to reduction for any accrued Performance Fee (see Item 6) or the Management Fee being calculated). The Firm may

waive or reduce its Management Fee for one or more clients without entitling any other client to a similar waiver or reduction. Fees will be deducted from the client's account. Upon termination of an account, any prepaid, asset-based fees will be prorated according to the days the account was opened during the calendar quarter and excess fees will be rebated to the client.

Portfolio transactions for the client will be allocated to brokers as selected by the Firm on the basis of negotiated rates in the case of futures and forward trades, and on the basis of "best price and execution" with respect to securities transactions. The Firm estimates that the client's annual brokerage commissions will be between 2-5% of the client's assets, although brokerage commissions could exceed this range in certain market conditions. The Advisor will not share in any of these fees and the client is responsible for negotiating commission rates with their Broker.

#### **Account Termination**

For Commodity Pool clients, a client will have monthly liquidity and may withdraw all or any portion of its investment with 30 day notice. If a full investment liquidation is requested, 90% of the investment will be liquidated at month end, and the remaining balance will be returned after completion of the NAV calculation by the pool's administrator (see individual pool disclosure documents). Managed Account clients may request account termination in writing at any point during a month and their account will be liquidated in a timely manner.

Upon written receipt of notice to terminate its client agreement and unless specific transfer instructions are received, Gamma-Q and its agent will cease advisory services. Should the client provide specific instructions to liquidate, the Firm will proceed with liquidation of the client's account in an orderly and efficient manner. There will not be a charge by us for such redemption. Clients must keep in mind that the decision to liquidate may result in tax consequences that should be discussed with the client's tax advisor. Factors that may affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate client's investment advisory service and communicate the instructions to client's Investment Advisor, termination orders received from clients are not market orders; it may take several business days under normal market conditions to process the client's request. During this time, the client's account is subject to market risk. Gamma-Q and its agent are not responsible for market fluctuations of the client's account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

The Advisor will generally receive the following fees for its services: (i) an incentive fee which is based on trading performance and (ii) a management fee which is based on the amount of assets in the account that the Advisor is managing. Incentive fees will range from 20% to 30% of Net Trading Profits and management fees will range from 0% to 2% of Net Asset Value per year. Fees will be billed by the Advisor, with the billing sent to the client for authorization to be paid out of

your account. You are required to execute a Fee Payment Authorization directing your broker to deduct the fees from your account upon receiving the invoice from the Advisor of a certificate setting forth the amount of the fees payable to the Advisor.

### **Incentive Fee**

The Advisor may receive a quarterly or annual incentive fee based on your account's Net Trading Profits. The incentive fee is payable exclusively on cumulative Net Trading Profits. All incentive fees payable to the Advisor will be retained by the Advisor and will not be repaid to the account because of subsequent losses. It should be noted that since the incentive fee on Net Trading Profits is paid on a quarterly basis, an account may pay an incentive fee when it traded profitably even though at some subsequent time in the same year the account may have a net loss overall.

Net Trading Profits is equal to the excess, if any, of an account's Net Asset Value at the end of the calendar quarter over its Net Asset Value at the end of the highest previous quarter or its Net Asset Value at the date trading commences, whichever is higher, i.e., the "high-water mark," and as further adjusted to eliminate the effect on the account's Net Asset Value resulting from new capital contributions or capital withdrawals, if any, made during the period, whether the assets are held separately or in a margin account. Losses attributable to capital withdrawals shall not be carried forward.

Net Trading Profits shall be net of all accrued or payable brokerage commissions, fees and other expenses and shall include interest or other income not directly related to trading activity. The incentive fee calculation also includes, in part, unrealized appreciation on open positions. Such appreciation may never be realized by a client. For example, if at the end of a quarter the client's account had unrealized profits on open positions, the Advisor may receive an incentive fee based on such unrealized profits. Following such payments, those open positions might, due to adverse market conditions, be closed out at no profit or a loss; nevertheless the Advisor would retain the entire fee.

### **Item 7 – Types of Clients**

Gamma-Q provides a fundamental discretionary agriculture and livestock commodity focused program consisting of commodity pools and separate managed accounts to pensions, commodity pool operators, high net worth individuals, and profit-sharing plans. The minimum account size is \$1,000,000 for a direct investment in one of our commodity pools or \$3,000,000 for a managed account. The Firm has the discretion to waive the account minimum.

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

The Advisor's objective is to achieve capital appreciation with a controlled level of risk. The Advisor intends to meet this objective by, among other things, utilizing proprietary economic models to develop strategies involving the speculative trading of commodity futures contracts, options on futures contracts, and other investment products and markets. The Firm may, in its sole and absolute discretion, alter the Advisor's investment strategies at any time, and may invest

all or a portion of the Advisor's assets in a variety of other instruments, including derivative instruments.

### **Investment Objective**

The Advisor's trading strategy is based upon the belief that different market cycles create varying opportunities and risk, and that active management during all periods can provide alpha to an investor's portfolio while controlling risk/volatility levels. The Advisor will look to take advantage of price discovery in commodity and FX utilizing a fundamental position entry strategy with technical/statistical driven position management.

Through global fundamental analysis, the Advisor will seek to identify current conditions affecting commodity asset prices, as well as potential condition changes that will affect these prices. The Firm believes that inter-market (across market) and intra-market (similar market) analysis can indicate transfers of risk, allocation changes, portfolio balancing and more generally the degree and manner in which markets are compensating for change. The Advisor's positions may be broken down into core and ancillary positions based on a consideration of the scope and impact of a particular economic condition/event and the particular asset classes most likely to be affected.

The Advisor's core focus is on Agricultural, Soft and Livestock commodities. These positions will be complemented with currency, energy, and interest rate positions as determined by the Firm. Inter-market relationships will play an integral role in the construction of the Advisor's portfolio.

By virtue of the positions in which the Advisor will invest, the Advisor projects a return profile that will have a target 0.2 to -0.2 long term correlation to traditional long-only investment products (i.e.; buy and hold equities, mutual funds, bonds, etc.). The Advisor's first priority is to avoid losses during times of market distress. Second, is to profit during these periods. In combination with more traditional, risk-level appropriate investments, the Advisor's goal is to generate a more predictable, less volatile overall return profile. The Advisor's targeted return profile is 15-20% annual un-leveraged returns with a maximum 7-8% annual drawdown within this given discipline. The Advisor believes that this approach is highly scalable across asset classes and can be applied to futures and derivative products as well.

### **Investment Process**

The Firm, intends to undertake economic reviews on a regular basis. In the event that the Firm concludes that there has been an update/change to overall economic conditions, they will examine further to determine the effect these changes have, if any, on global/regional asset prices. The Advisor may use this as an opportunity to initiate/increase/reduce/eliminate exposure in these assets in the Advisor's portfolio. The Firm will regularly update and maintain an asset exposure grid to indicate where the Advisor's positions exist and risk involved to the positions as well as the portfolio through correlation assessment. Once the Advisor's positions are initiated, the Firm will move on to the position and risk management phase.

### **Position/Risk Management**

Initial positions are generally placed with a 3-12 month view. In general, position exiting will take place when one of the following events has taken place:

1. The fundamental view has matured.
2. Even though the fundamental view remains intact, the Advisor's internal price target has been reached.
3. Fundamental conditions have changed prior to the theme playing out (i.e., geopolitical events, global economic intervention, etc.).

The Advisor also will employ a second level of position management which will be primarily driven by a desire to protect profits and manage volatility. The Advisor will utilize technical and statistical analysis designed to identify price points and probabilities of current markets and positions in order to manage profits and losses more efficiently. Option strategies in the form of spreads, risk reversals, collars, etc. may be utilized to hedge perceived adverse market movements. For example, if a position accelerates to profitability in a non-normalized manner and the Firm believes this position has further to go, the Advisor may implement an option strategy to contain some of these profits, and remove the protection when the Firm sees more normalized activity. As a result, the Advisor may surrender some upside potential in order to limit losses, protect gains, and minimize volatility.

Additionally, the Advisor will employ position and portfolio stop losses to mitigate risk in appropriate circumstances.

### **Types of Investments**

The types of instruments in which the Advisor may invest or trade include U.S. and non-U.S. futures, futures options, fixed income, energy futures, financial futures, commodities, non-U.S. currencies, derivative securities and swaps, securities, non-exchange traded instruments and any other form of investment product or market as the Firm may determine from time to time in their sole discretion. There will be no fixed percentage or amount of Advisor's assets to be used to trade various types of securities or commodities or different market sectors.

### **Arrangements with Clearing Brokers**

To the extent the Advisor trades in futures and options contracts on U.S. exchanges, the assets deposited by the Advisor with its clearing brokers as margin must be segregated pursuant to the regulations of the CFTC. Such funds, along with segregated funds of other customers in the accounts, may be invested by the commodity brokers, under applicable CFTC regulations, in general obligations of the U.S. and obligations fully guaranteed as to principal and interest by the U.S., general obligations of any state or political subdivision thereof and other similar investments. In addition, such investments may be bought and sold pursuant to designated repurchase and reverse repurchase agreements. Such funds are subject to being held as "customer segregated funds" under CFTC rules. To the extent that the Advisor trades in futures and forward contracts on markets other than regulated U.S. exchanges, the assets deposited by

the Advisor with its clearing broker may be invested by the futures broker, under applicable CFTC regulations, in the instruments described above for customer segregated funds and also in equity and debt securities traded on established securities markets in the United States. Such funds are subject to being held as “secured amounts” rather than as “customer segregated funds” under CFTC rules.

### **Leverage**

The Advisor may borrow amounts in the normal course of its investing on both a secured (using the securities that it owns as collateral) and unsecured basis. In order for the operations of the Advisor to be profitable, the Advisor’s returns must exceed its interest expense or embedded financing costs. Also, losses incurred on the Advisor’s leveraged investments will be increased in magnitude in direct proportion to the degree of leverage used, and may exceed the amount of capital invested.

### **Risk Factors**

Commodity interest trading is a high risk business and investment that should be made only after consultation with independent qualified sources of investment and tax advice. Among the risks involved are the following:

### **Risk of Loss**

Commodity trading is a speculative investment and is not intended as a complete investment program. Gamma-Q, LLC is designed for sophisticated investors who are able to bear a loss of their capital contributions, who do not require regular current income, and who can accept a high degree of risk in their investments. You must be prepared to lose all or a substantial portion of your investment.

### **Commodity Trading is Volatile**

A principal risk in commodity interest trading and forex trading is the traditional volatility (or rapid fluctuation) in the market prices of commodities and currencies. The volatility of commodity trading and forex trading may cause your account to lose all or a substantial amount of its assets in a short period of time. Prices of commodity interests and currency interests are affected by a wide variety of complex and hard to predict factors, such as political and economic events, weather and climate conditions and the prevailing psychological characteristics of the marketplace.

### **Substantial Leverage**

Commodity futures and short option have a low margin requirement which provides for a large amount of leverage. Hence a relatively small change in the market price of a commodity contract can produce a corresponding large profit or loss. If a substantial portion of assets is committed to margin requirements, then market movements could cause a substantial change, up or down, in the value of your investment. With such conditions, one can lose beyond one’s initial investment.



Forex trading off-exchange on margin carries a high level of risk. The high degree of leverage can work against you as well as for you. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose.

### **Illiquidity**

It is not always possible to execute a buy or sell order at the desired price, or to close out an open position due to market conditions and/or price fluctuations. As an example of this latter risk, it should be noted that when the market price of a commodity futures contract reaches its daily price fluctuation limit no trades or only a limited number of trades can be executed. Daily price fluctuation limits are established by the exchanges and approved by the Commodity Futures Trading Commission ("CFTC"). The holder of a commodity futures contract may therefore be locked into an adverse price movement for several days or more and lose considerably more than the initial margin paid to establish a position. In certain commodities, the daily price fluctuation limits may apply throughout the life of the contract, and hence the holder of a futures contract who cannot liquidate his position by the end of trading on the last trading day may be required to make or take delivery of the commodity. Another instance of difficult or impossible execution occurs in thinly traded markets or markets which lack sufficient trading liquidity. As a result, no assurance can be given that the Advisor's orders will be executed at or near the desired price.

### **Stop Order Limitations**

The Advisor may use "stop orders" to trade your assets. Stop orders are often used in an effort to limit trading losses if prices move against a position. There can be no guarantee, however, that it will be possible under all market conditions to execute the stop loss order at the price specified. In an active, volatile market, the market price may be declining (or rising) so rapidly that there is no opportunity to liquidate a position at the stop price. Under these circumstances, the broker's only obligation is to execute the order at the best price that is available.

### **Spread Trading**

The Advisor trades inter commodity and intra commodity spreads. It is important to understand that a spread trade may not be less risky than an outright "Long" or "Short" trade. Further, spread trading involves a commission on each leg of the spread trade.

### **High Volume Trading**

Since the Gamma program will potentially make hundreds to thousands of trades, and each trade generates a commission, it is possible that the commissions will total more than the earnings.

### **Clients Personally Liable for Losses in Their Accounts**

You are directly and personally liable for the losses in your trading account. Your potential loss is by no means limited to the amount of assets which you deposit in your account. For example, in a market in which the Advisor is unable to liquidate positions, you could lose well in excess of the maximum amount that you committed to your account.

### **Increased Risk with the Use of Notional Funds**

You may instruct the Advisor to use notional funds to trade your account. Trading leverage generally consists of two different components, cash and notional funds. Cash is the actual dollars given to the Advisor for use within an account. Notional funds are the increase in dollars, above cash, which the Advisor is instructed by you to consider itself to be managing in your account.

The use of notional funds to increase the leverage at which the Advisor will trade can be expected to increase the rapidity of drawdowns and the volatility of an account; however, the use of notional funds has the potential of increasing trading profits. There can be no assurance as to which effect the leverage adjustments may have on the performance of the Advisor or on the performance of your account. If the Advisor uses notional funds for additional leverage, the equity in an account will erode much more quickly than if it does not use notional funds in the event the account experiences losing trades.

The Advisor cautions prospective investors to take seriously the following warnings required by both the Commodity Futures Trading Commission and the National Futures Association:

- You should request the Advisor to advise you of the amount of cash or other assets (actual funds) which should be deposited to the Advisor's trading program for your account to be considered "fully funded." This is the amount upon which the Advisor will determine the number of contracts traded in your account and should be an amount sufficient to make it unlikely that any further cash deposits would be required from you over the course of your participation in the Advisor's program.
- You are reminded that the account size you have agreed to in writing (the "nominal" or "notional" account size) is not the maximum possible loss that your account may experience.
- You should consult the account statements received from your futures commission merchant in order to determine the actual activity in your account, including profits, losses, and current cash equity balance. To the extent that the equity in your account is at any time less than the nominal account size, you should be aware of the following:
  1. Although your gains and losses, fees, and commissions measured in dollars will be the same, they will be greater when expressed as a percentage of account equity.
  2. You may receive more frequent and larger margin calls.
  3. You must understand that if you use notional funds for additional leverage, the equity in your account will erode much more quickly than if you do not use notional funds in the event the account experiences losing trades. This matrix allows one to convert monthly rates of return for fully funded accounts (vertical axis) to corresponding rates of return for different funding levels (horizontal axis).

Fully Funded Rates of Return	Rates of Return at Certain Funding Level		
	50% Cash/50% Notional	75% Cash/25% Notional	100% Cash/0% Notional
20%	40%	27%	20%
10%	20%	13%	10%
5%	10%	7%	5%
0%	0%	0%	0%
-5%	-10%	-7%	-5%
-10%	-20%	-13%	-10%
-20%	-40%	-27%	-20%

For example, a rate of return of –20% for a fully funded account would translate to a rate of return of –40% for an account that is funded 50% with cash and 50% with notional funds.

4. The management fee paid to the Advisor will be calculated based partly on the notional funds in the client's account. As a result, the use of notional funds will increase the amount of management fees that the Advisor will receive from the client for trading the same amount of cash or actual funds. For example, the Advisor may receive a 2% management fee. If a client's account is fully funded the Advisor will receive a management fee of 2% based on the actual funds in the account. If the account, however, is funded at only 50%, i.e., one half actual funds and one half notional funds, the 2% management fee, expressed as a percentage of actual funds, would be 4%.
5. The nominal account size shall be increased or decreased to reflect trading gains or losses in the account, fees and expenses charged to the account and additions to or withdrawals from the account.

#### **Reliance on the Trading Program Employed by Advisor**

The Advisor may base its trading decisions on technical analysis. The technical factors that can be evaluated by a trader are limited in that they must be quantifiable in order to be processed by the trader. Technical trading programs may also be unsuccessful both because the market models employed are not in fact reliable indicators of future price trends and because the markets are from time to time dominated by fundamental factors. Any factor which may lessen major price trends (such as governmental controls affecting the markets) may reduce the prospect for future trading profitability. Any factor which would make it difficult to execute trades, such as reduced liquidity or extreme market developments resulting in limit moves, could also be detrimental to profits. In addition, technical analysis does not generally focus on the forces directly affecting the markets.

Trading decisions may also be based on fundamental analysis of underlying market forces. Fundamental analysis attempts to examine factors external to the trading market which affect the supply and demand for a particular commodity interest in order to predict future prices. Such analysis may not result in profitable trading because the Advisor may not have knowledge of all

factors affecting supply and demand or may incorrectly interpret the information it does have. Furthermore, prices may often be affected by unrelated or unexpected factors, and fundamental analysis may not enable the trader to determine whether its previous decisions were incorrect in sufficient time to avoid substantial losses. In addition, fundamental analysis assumes that commodity markets are inefficient—i.e., that commodity prices do not always reflect all available information—which some market analyses dispute.

In short, no assurance can be given that the Advisor's program will be profitable. The best trading program will not be profitable if there are no fundamental or technical indicators of the kind it seeks to follow.

#### **Reliance on Key Personnel of the Advisor**

The services of Mr. Delay are essential to the Advisor's business. If his services were no longer available, David Allain and Zachariah Yurch will perform the key principal function. They will alert all investors of the situation.

#### **Changes in Trading Approaches and Commodities Traded**

The Advisor believes that the development of a trading program is a continual process. As a result of further analysis and research into the performance of its program, changes may be made from time to time in the specific manner in which the program evaluates price movements in various commodities. As a result of such modifications, the trading program that may be used by the Advisor in the future will differ from that used by the Advisor in the past and might differ from that presently being used. In addition, the Advisor may abandon its program altogether if the Advisor perceives unique market conditions. Consequently, the actual trading program applied by it may differ substantially from that described herein and you will not be informed with respect to such changes.

The Advisor may trade any futures or options contracts that are traded now, or may be traded in the future, on exchanges located in the United States and abroad. In particular, the number of commodity markets available for trading has increased substantially during recent years (a process which is expected to continue), and the commodity markets in which your account trades can be expected to change significantly in the future, perhaps with adverse consequences.

#### **Contracts on Foreign Exchanges**

The Advisor may engage in the trading of contracts on foreign exchanges. Investors should note that foreign exchanges are not regulated by the Commodity Futures Trading Commission or any other government agency of the United States and, thus, such trading may involve risks not applicable to trading on United States exchanges. In addition, contracts traded on foreign exchanges are typically denominated in the local currency, which introduces an additional price variable not applicable to contracts traded on domestic exchanges. Therefore, unless an account hedges itself against fluctuations in exchange rates between the U.S. dollar and the currencies in which trading is done on such foreign exchanges, any profits which an account might realize in such trading could be eliminated by adverse changes in exchange rates or an account could incur losses as a result of any such changes. Some foreign exchanges, in contrast to exchanges in the

United States, are “principals’ markets” similar to the forward markets, in which responsibility for performance is only that of the individual member with whom a trader has entered into a transaction, and not of an exchange or exchange clearing house. Because some foreign exchanges generally lack a clearing house system such as that utilized by exchanges in the United States, market disruptions may be more likely to occur on foreign exchanges.

### **Trading in Options on Commodity Futures**

The Advisor may trade your account in options on commodity futures contracts. Options on futures are speculative and highly leveraged. The purchaser of an option risks losing the entire purchase price of the option. The seller (writer) of an option risks losing the difference between the premium received for the option and the price of the futures contract underlying the options which the writer must purchase or deliver upon exercise of the option, which could subject the writer to an unlimited risk in the event of an increase in the price of the contract to be purchased or delivered.

### **Counterparty Credit Risk**

The Advisor may trade a client account in over-the-counter markets. These markets do not have the safeguard mechanisms of a clearing organization which, in effect, guarantee every exchange-traded instrument. In contrast to exchange-traded futures contracts, over-the-counter instruments rely on the dealer or counterparty being contracted with to fulfill its contract. Failure by a counterparty to fulfill its contractual obligations could expose the client to unanticipated losses.

### **Off-Exchange Transactions**

The Advisor may trade your account in forward contracts and other derivatives, including, in particular, foreign exchange or currency contracts. Unlike futures contracts, these contracts are not traded on exchanges; rather banks and dealers act as principals in these markets. Such trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in these markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Advisor due to unusually high trading volume, political intervention or other factors. In addition, the Advisor may trade in emerging currency markets that tend to be less liquid than those in the “major” currencies. This illiquidity may make it difficult for the Advisor to liquidate a position without substantial losses. The imposition of controls by government authorities might also limit off-exchange trading to less than that which the Advisor would otherwise recommend, to the possible detriment of your trading account. Market illiquidity or disruption could result in major losses to your account.

### **Commencement of Trading**

An account managed by the Advisor will encounter a start-up period during which it will incur certain risks relating to the initial investment of its assets. An account may commence trading operations at an unpropitious time, such as shortly before a period during which markets have few or no price trends. Moreover, the level of diversification may be lower during the start-up period than in later periods characterized by the commitment of a greater percentage of assets to trading in certain commodity interests. No assurance can be given that the approach which the Advisor chooses to adopt as a means of moving toward full portfolio commitment will be successful or will not result in substantial losses which might have been avoided by other means of initiating such trading in commodity interests.

### **Failure of Your Futures Commission Merchant**

Under CFTC regulations, futures commission merchants are required to maintain clients' asset in segregated accounts. If your commodity broker (which is registered as a futures commission merchant with the CFTC) fails to segregate client assets, you may be subject to a risk of loss of your funds in the event of the broker's bankruptcy. Also, under certain circumstances such as the inability of another client of your commodity broker or the commodity broker itself to satisfy substantial deficiencies in such other client's account, you may be subject to a risk of loss of your funds even if such funds are properly segregated. In the case of any such bankruptcy or client loss, you might recover only a portion of your funds.

**THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN COMMODITY TRADING. YOU SHOULD READ THE ENTIRE DISCLOSURE DOCUMENT AND CONSULT WITH YOUR OWN FINANCIAL AND TAX ADVISORS BEFORE DECIDING TO INVEST.**

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Gamma-Q or the integrity of Gamma-Q's management.

On February 10, 2006 a panel of the Chicago Mercantile Board (CME) found that Todd Delay accumulated positions in excess of the speculative position limit for the October 2003 CME Feeder Cattle futures contract on any or all of the 10 days of trading. The panel found that in so doing he violated CME Rule 432.0. The panel also found that he placed orders on behalf of his customers without readily identifying the specific account(s) for which the orders were placed, failed to identify the account(s) for such orders which went unfilled, and failed to identify the account(s) for such orders which were filled, until after the orders were filled throughout October 2003. The panel found that in so doing he violated CME Rule 536. Mr. Delay was fined \$50,000 and ordered to cease and desist from engaging in the types of conduct found to have occurred in this matter.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Gamma-Q is also registered with the National Futures Association (“NFA”) as a Commodity Trading Advisor (“CTA”) and a Commodity Pool Operator (“CPO”). Individuals associated with Gamma-Q as an Investment Adviser Representative (“IAR”) may also be registered with the NFA. All related compensation is separate from advisory services. On average individual Investment Adviser Representatives and the principals of the Firm spend 95% of their time on other such activities. If a trade error were to occur, it may result in profit or loss to the firm. The firm has controls in place to limit such trade errors. Investment Advisers will not participate in any profits resulting from such errors.

Additionally, Zachariah Yurch, Todd Delay and Sue Delay are associated with DL Global Futures, LLC, an NFA registered introducing broker. Gamma-Q does not typically utilize DL Global Futures, LLC as a broker for the Firm’s business, except where a historical relationship is already in place, as with Gamma Funds.

Gamma-Q maintains consolidated financial records with its affiliated CTA/CPO.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Firm has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at FIRM must acknowledge the terms of the Code of Ethics annually, or as amended.

Advisors of the Firm may buy or sell securities that are recommended to clients. The Firm’s employees and persons associated with the Firm are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of the Firm and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for the Firm’s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of the Firm will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of the Firm’s clients. In addition, the Code requires pre-approval of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between the Firm and its clients.

The Firm's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the Compliance Department at our main number.

## **Item 12 – Brokerage Practices**

Each managed account client must select a commodity broker that is a registered Future Commodity Merchant ("FCM") and/or Introducing Broker ("IB") that will hold client funds and through which trades will be cleared. In the case of the pooled funds the General Partner will select the IB and FCM to be used, as described in the disclosure document and accepted by the client. Managed account clients will have their choice of FCM. These accounts may not need an IB necessarily. The IB and/or FCM charges commissions or transaction fees for effecting commodities or securities transactions and will be charged separately for such services; such fees are not included in advisory fees paid to Gamma-Q. In most cases, the prime broker for commodities trades placed by Gamma-Q requires collateral to be maintained with the prime broker or an affiliate of the prime broker. As a result, Gamma-Q generally places its trades in securities through the same prime broker.

Trade aggregation refers to the practice of combining orders for execution. When consistent with our duty to obtain best execution, we will aggregate multiple client transactions into a single order in order to obtain the best price for our clients. In such circumstances, the accounts will share commission costs equally and receive securities at a total average price. Gamma-Q will retain records of the trade order (specifying each participating account) and its allocation. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

Many investment advisers receive products and services from broker-dealers based on the volume of brokerage transactions placed with the broker-dealer. These products and services are known as "soft dollar benefits." We do not receive soft dollar benefits in return for placing trades with particular broker-dealers.

Some registered investment advisers recommend a broker-dealer or FCM based on how well the broker-dealer refers clients to the investment adviser. This practice creates an incentive for the investment adviser to recommend a broker-dealer based on its financial interest in receiving client referrals. Whether a broker-dealer or FCM refers clients to us is not a determining factor in our selection or recommendation of a broker-dealer.

Although the brokerage and/or transaction fees paid by clients shall comply with the firm's duty to obtain best execution, a client may incur costs that are higher than another qualified broker-dealer might charge to effect the same transaction. In seeking best execution, the determinative factor is not necessarily the lowest possible cost, but whether the transaction is executed in the most advantageous manner in terms of quality. To assess quality, we evaluate many factors, including full range of a broker-dealer's services, competitiveness of price spreads, timeliness of execution and reporting, frequency and correction of trading errors, back office and trade settlement capabilities, and responsiveness to our orders and needs.



### **Item 13 – Review of Accounts**

Accounts are reviewed by an Investment Committee that meets periodically to discuss investment strategies for client accounts. The Investment Committee will discuss and consider a material change in the markets, notification of a material change to the client's financial situation, conditions affecting asset prices, potential condition changes that will affect asset prices; inter-market and intra-market risk; and current economic events likely to affect particular asset classes the most. A 3rd party administrator prepares monthly NAV calculations and will provide the client with monthly statements. Accounts are reviewed periodically to ensure the correct securities and exposures match the clients risk parameters. Additional reviews will be performed if returns and / or leverage do not seem consistent with other accounts within the same program.

The client should inform the firm in writing of any material changes to the information initially provided or any other change in the client's circumstances that might affect the manner in which client's assets should be invested. Clients may contact the firm during normal business hours to consult with the firm concerning the management of the client's account(s).

### **Item 14 – Client Referrals and Other Compensation**

The Firm does not receive an economic benefit by anyone other than the client for providing investment advice and other advisory services.

The Firm, in the future, may compensate third-party solicitors for client referrals. The solicitor's agreements entered into by the Firm comply with Rule 206(4)-3 under the Investment Advisers Act of 1940. Currently the Firm does not have any agreements with solicitors, however, in the future solicitor agreements may be initiated, or existing ones terminated at any time. Compensation will be based on a percent of referred clients' account value managed by the Firm. Such fees are paid pursuant to a written agreement between the Firm and the solicitor. A client who is solicited will receive an additional disclosure document specifically describing the arrangement and the compensation paid to the solicitor. Solicitor's fees will be based on the Firm's normal fee schedule; you will not be charged any additional fees or expenses as a result of the referral.

### **Item 15 – Custody**

Clients should receive statements monthly prepared by the third party administrator; Clients should review those statements carefully. On an annual basis the commodity pools will have audited financial statements prepared and sent to investors within the pools. Clients will not receive statements directly from Gamma-Q.

### **Item 16 – Investment Discretion**

Gamma-Q has full discretion with respect to securities transactions effected for the Investment Vehicles. This authority is granted pursuant to an investment management agreement ("IMA") between Gamma-Q and the Investment Vehicles. Individual investors grant authority to the

Investment Vehicles to enter into an IMA with Gamma-Q by signing the relevant subscription agreement. Gamma-Q also serves as an investment adviser to Separate Accounts. Generally, Gamma-Q will have full discretion under the investment advisory contracts in place with its Separate Account clients to buy and sell securities without prior client approval. Gamma-Q exercises its investment discretion consistent with the applicable investment strategy, as well as any investment guidelines or restrictions imposed by the relevant Investment Vehicle and accepted by Gamma-Q. Gamma-Q does not advise clients concerning holdings outside their respective accounts that are managed by Gamma-Q. Gamma-Q generally has full authority to determine broker-dealers to be utilized and commissions to be paid with respect to securities transactions effected for its Investment Funds and the Separate Accounts.

In all cases, this discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Investment Vehicle. Gamma-Q's Separate Account clients may impose contractual restrictions and/or limitations on Gamma-Q's discretionary authority.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Gamma-Q does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients should contact their financial advisor if they have any questions and/or to obtain this information. Clients will receive their proxies directly from their custodian or transfer agent.

#### **Item 18 – Financial Information**

Registered Investment Advisers are required to provide you with certain financial information or disclosures about the Firm's financial condition. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy proceeding.